

Finance Committee Meeting

March 15, 2023, 7:00 PM EST
Veterans Memorial Building – Room #229
900 Main Street Millis, MA 02054

Committee Members In Attendance:

Pete Berube, Chair
Jodie Garzon, Vice Chair
Peter Underhill, Clerk
Joyce Boiardi
Michael Krone
Jonathan Loer
Cathy MacInnes
Sara Reyes

Invited Guest:

Michael Guzinski, Town Administrator
Carol Johnston, Finance Director
Steven Catalano, School Committee Chair
James McKay, DPW Director

Pete Berube called the Finance Committee Meeting to order at 7:00 PM.

School Department FY24 Budget Update and Discussion:

The School Committee held a Public Meeting on Tuesday, March 14, 2023, to discuss the challenges the School Department is facing in the upcoming Fiscal Year. The town is facing a substantial shortfall in funding the School Department's FY24 Operating Budget. Within the next few weeks, the Select Board, School Committee and Finance Committee will strive to find a solution in order to preserve the quality of education. However, it is quite evident if a solution is not found, there will be significant cuts to the School Department Staff in FY24. The Town's Operating Budget will be voted on at the upcoming May 3, 2023 Town Meeting.

Two Tri-Board Meetings, consisting of the Select Board, School Committee and Finance Committee, were held in December 2022 and February 2023. During those meetings the School Committee disclosed their shortfall is \$1.4 million for FY24. An increase in SPED (Special Education) costs has been approximately \$370,000.00 in FY23. A 14.1% increase to Out of District SPED Salaries is a contributing factor; which was authorized by the Commonwealth. Proper staffing for SPED is mandated and salaries are not negotiable. After further review, a \$1,872,503.00 shortfall is expected. Marijuana Impact Fees are absorbing the rest of the shortfall which is expected to be \$ 2 million.

In order to remedy the deficit, the School Department will reduce expenses by \$99,000.00 and would be required to reduce personnel by 27.75 positions. Staffing cuts, by 10%, will significantly affect the quality of education. The increase in overall School Department costs is approximately 9%.

It is not expected that State Aid will be able to fund the deficit. The town could consider an override but it is uncertain if there is time to propose that option to the town. Allocating a portion of the Free Cash Balance, \$1,163,680.71, could soften the hit. Free Cash is typically appropriated for Capital Items as well as funding positions and programs from Marijuana Impact Fees. The town's Stabilization Fund could offset some of the deficit, however, the town does have a Stabilization Fund Policy which requires maintaining 5% of the overall General Budget and its balance affects the town's Bond Rating.

The majority of School Department Staff are members of a CBA (Collective Bargaining Agreement). Notice of a reduction to staff, which the administration has identified, would be given in April. The Superintendent of Schools, Robert Mullaney, has met with staff and has made them aware of the situation. The hope is that the town can find a solution to reduce the number of staff cuts to the School Department prior to Town Meeting. Ultimately, Town Meeting will vote on May 3, 2023 on the Town Operating Budget.

The Teacher's CBA includes a three-year process in providing incentives for early retirement; a 5% annual salary bonus is included in the agreement. A certain number of years is required to retire from the Massachusetts Teacher's Association. Paraprofessionals are under the same CBA.

FY23 additional staffing was in an effort to keep SPED Students in district. The School Department's goal is to keep as many students in district; reducing the cost of Out of District SPED costs. However, there are students with IEPs (Individualized Education Plan) that are required to attend Out of District which includes additional costs for transportation until the age of 22.

Town Officials have not yet written letters requesting State Funding to alleviate this burden on the town. Most School Districts are facing the same dilemma.

Regionalizing the School System may be an option in future years. Tri-County, which many Millis Students attend, offers an array of courses not available at the local level.

Reductions to staff will not include School Bus Drivers or Administrative Staff which is currently at a razor thin level. Steven Catalano made the committee aware the School Department is not over staffed in any way. The option to avoid a reduction in staff could be resolved with the reduction of salaries across the board but would be subject to CBA Negotiation and it is unknown if that is legally possible. An Operational Override should be expected within the next year. The Commonwealth needs to adjust their Circuit Breaker Funding formula to better serve School Districts, currently \$.70 per \$1.00 for Out of District Tuition costs over \$40,000.00 per year. The town receives Chapter 70 Funding from the Commonwealth for overall education costs. Circuit Breaker Funding is specifically for SPED costs. The School Department received funding for additional staff during COVID-19; that funding is no longer available however the staff is needed. The Commonwealth is considering allocating funds to assist communities facing extraordinary SPED costs. It would require SPED costs to exceed 25% from the prior Fiscal Year.

DPW FY24 Budget Presentation:

The DPW consists of several divisions:

- Highway
- Transfer Station
- Cemetery
- Street Lighting
- Water
- Sewer
- Stormwater

The total budget for the above is \$5,608,900.00.

Staffing includes:

- Director
- DPW Superintendent
- Water and Sewer Superintendent
- Facilities Manager
- Water and Sewer Technician
- HEO/Mechanic
- Operations Manager
- Part Time Clerical Staff
- (8) HEO/Laborers

The department employs Summer Help, \$28,440.00, annually to assist with maintaining the town's properties: fields, parks, cemetery and memorials.

The FY24 Salary Budget, \$1,435,320.00, includes a 2% increase for all staff as well as two reclassifications. In an effort to properly allocate staff salaries across the multiple divisions, adjustments have been made for FY24.

Accomplishments include paving portions of Pleasant, Exchange, Main and Village streets. Culvert replacements on Ridge Street and Larch Road to reduce flooding. The November 2022 Town Meeting voted to accept the roadways at the Hickory Hills Subdivision making it the responsibility of the DPW. Construction of a PFAS Treatment Facility. Implementation of the Cityworks Software Work Order System.

The Department received the following grants:

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| • Mass DOT Shared Streets and Spaces: | \$ 49,000.00 |
| • Mass DEP Self-Contained Compactor: | \$ 30,000.00 |
| • Lead Line Service Inventory and Replacement Plan: | \$ 150,000.00 |
| • Asset Management: | \$ 150,000.00 |
| • MIIA Risk Management Cameras: | \$ 7,000.00 |
| • PFAS Treatment Design and Construction: | \$3,452,972.00 |

FY24 Goals include:

- Operation of the PFAS Treatment Facility at Wells #1 and 2 in June 2023
- Lead Line Service Inventory and Replacement Plan
- Construction of an additional PFAS Treatment Facility at Well #3
- Road Improvements of \$650,000.00 from Town Meeting Appropriations and \$274,000.00 from Chapter 90 Funding
 - The department has submitted a request for \$750,000.00 for sidewalk improvements to Senator Auchincloss's office
 - The department is working with Commonwealth Officials in the hopes of receiving funding to pave the remainder of Rt 109
- Implementation of additional Stormwater Permit Regulations
- Design a new section of grave lots at the Prospect Hill Cemetery
 - Revenues, the sale of a lot, \$700.00, perpetual care fee, \$100.00 as well as interment fees are part of the General Fund

Capital Items include:

- Replacement of a 3500 Dump Truck with Plow and Sander: \$ 95,527.00
 - The cost will be split equally between the General Fund and the Water, Sewer and Stormwater Enterprise Funds
- Purchase of a Heavy Duty Trailer: \$ 23,000.00
 - The cost will be split equally between the General Fund and the Water, Sewer and Stormwater Enterprise Funds
- Well #3 PFAS Treatment Plant Final Design: \$272,900.00
- Chlorine/PH Analyzer Replacement: \$ 31,200.00
- Inflow/Infiltration Investigation of the Sewer System: \$137,630.00

Above Level Funded Requests include the addition of an HEO/Laborer which would include:

- Salary: \$52,020.80
- Family Health Insurance: \$21,290.88
- Clothing Allowance: \$ 1,200.00

The above position was recommended by a study conducted by Community Paradigm Associates, LLC in March of 2020. The town has grown significantly over the past ten years and DPW Staff has only been increased by one. The committee was provided with documents demonstrating the DPW's lack of staffing in comparison to surrounding towns. For example, the Town of Medway employs 36 DPW Staff; the Town of Millis employs 13. It was noted that the DPW Superintendent, David Rachmaciej, managed the construction of the new DPW Facility and PFAS Treatment Facility which saved the taxpayers hundreds of thousands of dollars. It was also noted that the Town of Millis is far ahead of surrounding towns addressing the EPA's (Environmental Protection Agency) regulations with PFAS in drinking water.

The new Salary Line Item, Licensing Fees, is a result of the study conducted by Community Paradigm Associates, LLC. The methodology is to extract hourly licensing costs of an employee and charge the General Fund or appropriate Enterprise Fund with said cost. It reduces the Salary Line Item while increasing the Licensing Fee Line Item in the appropriate Fund. It is based on regular hours not overtime; overtime is not predictable.

This methodology charges the Enterprise Funds when employees are performing General Fund tasks, snow removal for example. Each license is charged back to the appropriate fund:

- Class A License = General Fund
- Water License = Water Enterprise Fund
- 4G License = Split between General Fund and Stormwater Enterprise Fund
- Licensed Contractor = 4-way split: General Fund, Water, Sewer, and Stormwater Enterprise Funds
- Mechanic = 4-way split: General Fund, Water, Sewer, and Stormwater Enterprise Funds
- Water and Sewer Technician = 2-way split Water and Sewer Enterprise Funds

In 2008, the AFSCME CBA eliminated License Stipends and rolled them into hourly rates. The only Stipend, \$50.00 per week, is for individuals who obtain a Water Distribution II and Treatment I License. Those Stipends are budgeted separately.

The department has been tracking work hours of staff since 2017, which has confirmed the need for additional General Funds for proper allocation of work performed. Since then, the Employee Self Service System, has been implemented by the Finance Department. The system allows DPW employees to document their daily hours spent on General, Water, Sewer and Stormwater tasks. As a result, the General Fund is in a deficit of over \$140,000.00.

The CRPCD (Charles River Pollution Control District) costs are expected to increase 11%. The district is responsible for the town's sewage disposal.

Indirect Costs, which include a percentage of salaries, expenses and benefits of other town departments: Executive Office, Finance, Treasurer and Assessor have not been finalized. The costs are transferred from the Enterprise Funds into the General Fund annually, approximately \$700,000.00 is estimated FY24.

Insurance FY24 Budget Presentation:

Mike Guzinski provided the committee with an updated Insurance Budget:

- General Insurance includes property, casualty and liability and reflects a 6% increase
 - MIIA is the town's General Insurer
 - Additional Town Buildings and Vehicles have increased the costs
- Police and Fire & Rescue Incident Premiums have increased
 - Out on Injury Claims have increased over the last few years

Employee Benefits FY24 Budget Presentation:

Health Insurance Costs have increased by approximately 8%, \$280,000.00. Additional staffing at the School Department has contributed to the increased cost. The town will consider giving employees an incentive bonus to opt out of Health Insurance. The town's Health Insurance is through the Commonwealth's GIC (Group Insurance Commission) and is locked in for two years. Consideration to change has been proposed to both the School and Municipal Staff. The GIC is making major changes to the options offered for Health Insurance which makes it difficult to pinpoint the exact costs for FY24. The town contributes 70% of Health Insurance Costs. Norfolk County Retirement Assessment has increased to \$2,742,218.00.

Spring 2023 Town Meeting Draft Warrant Article Review:

- Article #1 Unpaid Bills
 - Prior Fiscal Year Invoices
- Article #2 FY23 Additional Wages and Expenses
 - Shortfalls in the Operating Budget including Overtime and Building Repairs
 - The School Department can prepay Circuit Breaker Funds for out of District Students for three months
- Article #3 FY24 Operating Budget
- Article #4 Ratification of CBAs
 - Includes SEIU 888, AFSCME and Firefighters – copies will be provided to the committee
- Article #5 Sewer Enterprise Fund
- Article #6 Water Enterprise Fund
- Article #7 Stormwater Enterprise Fund
- Article #8 Consent Items:
 - Amendments to the Personnel Plan
 - Includes a 2% Cost of Living Increase
 - Board of Health Appointing Authority
 - Revolving Funds
 - The Recreation Department has requested to reinstate a Revolving Fund; the Select Board has not discussed the topic
 - Community Preservation Fund
- Article #9 Capital Items
 - The Capital Planning Committee will make their final recommendations at their next meeting scheduled for March 16, 2023
- Article #10 Design and Construction of Sidewalks
- Article #11 Tree Maintenance/Removal
- Article #12 School Computer Lease
- Article #13 Police Cruiser Lease
- Article #14 Establish Millis Net Zero Goal
 - This article was submitted by the Energy Committee
- Article #15 Amend Plastic Bag Reduction ByLaw
 - This article would clarify the town's ByLaw regarding Plastic Bags
- Article #16 Unemployment Insurance
- Article #17 OPEB (Other Post-Employment Benefits) Fund
- Article #18 Special Education Stabilization Fund
 - The Fund would be primarily used for Out-of-District Costs for SPED and would cover tuition and transportation costs. Approval of expenditures would require authorization from both the Select Board and School Committee.

- Article #19 Stabilization Fund
 - Funding will most likely be postponed until the November 2023 Town Meeting
- Article #20 Petitioned Article

The Select Board is scheduled to finalize the Town Meeting Warrant on April 10, 2023 and will have extensive discussion regarding each article prior to its presentation to Town Meeting on May 3, 2023.

Carol Johnston clarified the town's General Stabilization Fund Policy requires a balance of 5% of the General Operating Budget. A Special Education Stabilization Fund would only allow for 2% of net costs for unforeseen SPED costs and would not to supplement the School Budget.

Job Descriptions for the Executive Office Staff were provided and the Above-Level Request for additional staff has been withdrawn due to budget constraints.

The Town Administrator collaborates with the School Administration on a regular basis.

Board and Committee Liaison Updates:

Tri-County Vocational School Representatives presented the proposed building project to the Select Board. The project is expected to cost \$289 million of which 25% would be funded by MSBA (Massachusetts School Building Association). Eleven communities will vote on the approval of the project on October 24, 2023. Town Clerk Offices are working out the logistics to provide voting hours to accommodate the vote. Jodie Garzon implored residents to make the effort and vote either way on this pressing issue which will affect all residents.

Mike Krone noted 95% of the tax base in Millis is residential; there needs to be movement toward commercial properties. There is ample land throughout town to accommodate commercial properties which would alleviate costs to taxpayers.

Bills Payable: Postmaster - Postponed

Finance Committee Meeting Minutes Approval:

Jodie Garzon made a motion to approve the March 8, 2023 Finance Committee Meeting Minutes as written; Joyce Boiardi seconded. Vote: 8/0. Motion carries unanimously.

Adjourn Meeting:

Jodie Garzon made a motion to adjourn the Finance Committee Meeting at 9:44 PM; Cathy MacInnes seconded. Vote: 8/0 motion carries unanimously.

Respectfully submitted,
Deirdre Gilmore